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FISCAL IMPACT STATEMENT

LS 6924

BILL NUMBER: SB 166

NOTE PREPARED: Dec 19, 2002

BILL AMENDED:

SUBJECT: Distribution of Local Option Taxes.

FIRST AUTHOR: Sen. Kenley

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill requires the Department of State Revenue (the Department) to transfer amounts into the special account created for a County Adjusted Gross Income Tax (CAGIT), a County Option Income Tax (COIT), or a County Economic Development Income Tax (CEDIT) based on an estimate of amounts withheld by employers and deposited with the Department. The bill requires the Department to distribute excess amounts in the special account. The bill appropriates the amount necessary to make a distribution.

Effective Date: Upon passage.

Explanation of State Expenditures: *Summary:* Under the bill, the Department would have additional administrative expenses for the calculation of supplemental CAGIT, COIT, and CEDIT distributions. The bill allows the Department to use a sampling of withholding agents to provide data to calculate supplemental distributions to counties' three- or six-month certification balances. If the Department determines excess certified distributions exist, the Department would distribute them to the county special account no later than June 15 and December 15 of each year.

The Department would not incur additional expenditures to distribute balances in excess of certification twice a year instead of the current once a year.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *Summary:* Under the bill counties could receive an earlier distribution of supplemental revenue CAGIT, COIT, and/or CEDIT in June and December of each year versus the current annual distribution in January of the following year.

Background: Each year in July, the State Budget Agency calculates a certified distribution for CAGIT, COIT, and CEDIT for the following year. Under P.L. 178-2002, upon Budget Agency recommendation, the Department determines if an excess balance exists to either a CAGIT, COIT, or CEDIT county's three- or six-month certified distribution balance. If an excess balance exists, the Department must disburse a supplemental distribution in January of the ensuing calendar year.

As of FY 2002, 53 counties have adopted CAGIT with total CY 2003 certified distributions of \$321,835,651; 27 counties have adopted COIT with total CY 2003 certified distributions of \$462,833,380; and 60 counties have adopted CEDIT with total CY 2003 certified distributions of \$146,937,065.

State Agencies Affected: Department of State Revenue, State Budget Agency.

Local Agencies Affected: Counties with either CAGIT, COIT, and/or CEDIT.

Information Sources: Tom Conley, Department of State Revenue, State Budget Agency.

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